

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS L. PAUL LOETSCHER TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC.
(MPA/USPS-T34-2-4, REDIRECTED FROM WITNESS ALTAF H. TAUFIQUE)

The United States Postal Service hereby files the response of witness L. Paul Loetscher to the following interrogatories of the Magazine Publishers of America, Inc.: MPA/USPS-T34-2-4, filed on October 4, 2001, and redirected from witness Altaf H. Taufique.

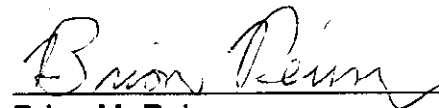
The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Brian M. Reimer
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037 Fax -5402
breimer@email.usps.gov
October 18, 2001

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MPA/USPS-T34-2:

Please complete the following table regarding the advertising content of Periodicals Outside-County publications. Please also provide the source of your data. If you cannot complete the table, please re-direct this interrogatory to another witness who can do so.

Advertising Percent	No. of Publications in Category in FY 2000	FY 2000 Total Mail Volume	FY 2000 Total Weight
0-10%			
10-20%			
20-30%			
30-40%			
40-50%			
50-60%			
60-70%			
70-80%			
80-90%			
90-100%			

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RESPONSE:

The Postal Service does not collect the requested information on all Periodicals Outside-County Publications. Therefore it is not possible to complete the table for all of FY 2000 Periodicals Outside-County mail. The PERMIT system collects Postage Statement data (form 3541) for roughly 95 percent of Periodicals Outside-County mail Trial Balance revenue. I used the PERMIT system data to complete the table for those publications authorized to mail at Periodicals rates (pending publications are excluded) and entering mail at PERMIT system equipped facilities. For purposes of completing this table, publications are mapped to advertising content category using the ratio of the sum of FY 2000 PERMIT system advertising pounds to the sum of FY 2000 PERMIT system total pounds. The assignments to advertising content categories are not mailing specific. A publication is assigned an advertising content category based on its annual average content. The results are presented in Table 1 MPA/USPS-T34-2.

MPA/USPS-T34-3:

On page 8 of your testimony, you state, "The Postal Service recognizes the impact of higher dropship discounts on smaller customers, who individually may not have the volume and/or density to enter mail closer to destination". Please complete the following table regarding the distribution of Periodicals Outside-County mail by issue size. Please also provide the source of your data and explain the definition of an issue you used to populate the table. If you cannot complete this table, please re-direct this interrogatory to another witness who can do so.

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Mailed Copies Per Issue in FY 2000	No. of Publications in Category in FY 2000	FY 2000 Mail Volume	FY 2000 Total Weight	FY 2000 Advertising Weight
Regular				
0-1,000				
1,000-2,000				
2,000-5,000				
5,000-10,000				
10,000-25,000				
25,000-50,000				
50,000-75,000				
75,000-100,000				
100,000-200,000				
200,000-500,000				

500,000-1 Million				
1 Million+				
Nonprofit				
0-1,000				
1,000-2,000				
2,000-5,000				
5,000-10,000				
10,000-25,000				
25,000-50,000				
50,000-75,000				
75,000-100,000				
100,000-200,000				
200,000-500,000				
500,000-1 Million				
1 Million+				

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RESPONSE:

The Postal Service does not collect issue size data, nor do any of the Postal Service's volume data systems distinguish between the various issues of a publication. Self reported information on the frequency of publication is available for most, but not all publications. Total annual volume can be calculated by publications for publications entering mail at PERMIT system equipped sites. The Postal Service does not collect annual volume information for all Periodicals Outside-County publications, therefore it is not possible to complete the table for all of FY 2000 Periodicals Outside-County mail. The PERMIT system collects Postage Statement (form 3541) data for roughly 95 percent of Periodicals Outside-County mail Trial Balance revenue. I used the PERMIT system data to complete the table for those publications authorized to mail at Periodicals rates (pending publications are excluded) and entering mail at PERMIT system equipped facilities. Estimated issue size used to produce this table is the ratio of PERMIT system annual volume to reported issue frequency. This estimate will produce erroneous estimates for numerous reasons (e.g. tend to over estimate the issue size of publications mailing supplemental issues and back issues and underestimate issue sizes of publications which did produce issues for all of FY 2000 etc.). Publications mailing at both Periodical Outside-County Regular rates and Periodicals Outside County Nonprofit rates are presented separately. The results are presented in Table 2 MPA/USPS-T34-3.

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MPA/USPS-T34-4:

Has the Postal Service or any of its contractors ever estimated the cost savings that would result from increasing sack minimums for Periodicals? If so, please provide the date that each estimate was developed, the cost savings, and all underlying calculations.

RESPONSE:

The Postal Service produced estimates of the cost savings that would result from increasing the piece minimum of Carrier Route sacks to 24 pieces. The estimated cost savings and underlying calculations are presented in LR-I-332 in Docket No. R2000-1.

It is my understanding that neither the Postal Service nor any of its contractors have produced estimates of cost savings that would result from increasing sack minimums on other sack presort levels.

Table 1 MPA/USPS-T34-2
PERMIT System Periodicals Outside-County Mail
Publication Counts, Volume and Weight
By Average Annual Advertising Percentage

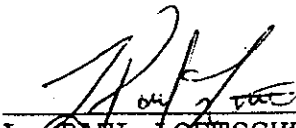
Advertising Percentage	No. of Publications in Category in FY 2,000	FY 2000 Mail Volume	FY 2000 Total Weight
0-10%	12,487	1,005,867,452	291,783,604
10-20%	2,171	460,226,956	183,601,708
20-30%	1,941	573,401,204	186,966,107
30-40%	2,209	1,781,213,921	630,546,628
40-50%	2,745	2,333,316,245	1,061,847,729
50-60%	2,461	2,102,640,725	1,495,201,558
60-70%	1,232	560,342,788	390,872,198
70-80%	380	95,069,385	68,287,985
80-90%	125	859,837	1,702,140
90-100%	121	329,231	89,108
Totals	25,872	8,913,267,744	4,310,898,765

Table 2 MPA/USPS-T34-3
PERMIT System Periodicals Regular and Nonprofit
Publication Counts, Volume and Weight, Advertising Weight
By Estimated Issue Size

	No. of Publications in Category in FY 2000	FY 2000 Mail Volume	FY 2000 Total Weight	FY 2000 Advertising Weight
Regular				
0-1,000	9059	135,656,935	62,387,012	27,456,630
1,000-2,000	1399	68,530,301	34,646,476	14,268,170
2,000-5,000	1583	135,867,279	66,072,795	27,671,833
5,000-10,000	1020	143,083,807	65,634,030	24,732,494
10,000-25,000	2331	801,042,313	382,831,861	182,105,492
25,000-50,000	355	286,446,712	139,650,358	69,514,495
50,000-75,000	188	216,653,994	106,175,152	52,911,545
75,000-100,000	265	557,612,675	311,232,664	150,006,715
100,000-200,000	45	163,221,536	85,905,304	41,616,523
200,000-500,000	121	595,058,770	385,172,504	188,567,960
500,000-1,000,000	93	901,977,487	609,648,788	303,007,286
1 Million+	67	2,614,868,906	1,371,054,143	630,477,780
Issue Frequency Not Available	849	72,008,644	37,008,951	16,853,979
Nonprofit				
0-1,000	4230	13,612,528	4,991,860	149,484
1,000-2,000	752	9,141,050	4,728,294	127,903
2,000-5,000	926	28,095,948	14,930,405	972,510
5,000-10,000	587	39,833,873	15,125,538	1,520,169
10,000-25,000	1139	301,249,805	81,565,175	16,612,703
25,000-50,000	161	127,219,613	33,616,817	8,624,434
50,000-75,000	89	93,549,763	26,174,933	7,665,517
75,000-100,000	144	216,263,001	57,020,651	15,427,267
100,000-200,000	15	24,931,100	6,714,493	1,588,804
200,000-500,000	66	252,215,536	67,569,553	19,325,617
500,000-1,000,000	25	136,923,902	34,199,333	6,518,907
1 Million+	22	882,459,326	260,296,710	73,248,542
Issue Frequency Not Available	159	17,080,734	6,409,060	2,319,944
Regular & Nonprofit				
0-1,000	34	143,427	49,327	8,360
1,000-2,000	15	158,716	60,062	3,290
2,000-5,000	19	453,532	120,776	12,260
5,000-10,000	14	1,828,598	780,555	161,754
10,000-25,000	17	4,847,366	2,616,746	441,360
25,000-50,000	4	1,305,927	367,413	94,356
50,000-75,000	0	0	0	0
75,000-100,000	3	3,977,002	1,009,076	12,554
100,000-200,000	1	1,869,282	745,547	319,902
200,000-500,000	1	1,594,980	151,236	0
500,000-1,000,000	0	0	0	0
1 Million+	0	0	0	0
Issue Frequency Not Available	37	6,878,391	2,208,233	404,811

DECLARATION

I, L. Paul Loetscher, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.



L. PAUL LOETSCHER

Dated: October 18, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Brian M. Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
October 18, 2001